

Hyman Denies Proposing Deal To Take Over Car Lines Here

Shonts Sought Interview, Says Mayor, Asserting Meetings Were Open

Attacks Whitney; Warned to Retract

State Inquiry Into City and Traction Affairs Urged by Chairman

Mayor Hyman last night issued a statement in defense of his part in the secret negotiations with Interborough officials revealed at the Public Service Commission's hearings into the traction situation. The Mayor denied he had called Theodore P. Shonts, president of the Interborough, into conference at the City Hall, stating that Shonts had "invited himself."

Another outstanding development in the transportation crisis yesterday was an emphatic statement by Travis H. Whitney, chairman of the commission, that there should be a legislative investigation into the tangle. He suggested that the investigating body should examine the city administration, the traction officials and the Public Service Commission itself, and should pay particular attention to any Wall Street angle of the situation.

The Mayor, in his statement, charged that Public Service Commissioner Whitney was being protected by the Interborough, and that, as the "ever-ready advocate" of a so-called "traction ring," he was being aided and encouraged in his attacks on the city administration.

After reading Hyman's statement Whitney last night sent the following telegram to the Mayor at his residence, 959 Bushwick Avenue, Brooklyn:

"I have seen a statement issued by you this evening which, like several other statements recently emanating from you concerning me, is a gross and malicious libel. I demand immediate withdrawal and retraction of the same."

A copy of the telegram was also sent to the Mayor at the City Hall.

Whitney Veils Plans

Commissioner Whitney stated that, although he had been in Albany yesterday, he had seen no legislation regarding the traction situation in this city, and he refused to state whether he would take any active steps to get such an inquiry under way. He gave it as his opinion that the city administration during the last six or eight months would furnish a fruitful field for the examination.

Mayor Hyman's statement, issued after his return from the funeral of Colonel Roosevelt, was his first utterance on the traction situation and the revelations of city-Interborough relations since he took office. He stated that "a man by the name of Shonts" at a Board of Estimate meeting.

The Mayor denied categorically the statement of Mr. Shonts and James L. Quackenbush, the Interborough counsel, to the effect that Shonts was summoned by telephone to the Mayor's office at the City Hall, where conferences on the traction situation were held.

Says Shonts Asked Interview

"Never was there a more gross misstatement of fact," the Mayor declared. "It was Mr. Shonts himself who, without any suggestion from me, invited himself to call at my office at the City Hall, requesting an interview."

The Mayor declared that because of the city's great interest in the Interborough and the New York Railways, of which Shonts is president, he had called on Shonts, without secrecy and with witnesses present. He said that he opposed all plans calling for a higher fare, but called in Granville Macfarland, the Interborough lawyer, to work on a plan for municipal operation like the one in Boston.

The Mayor defended his plan of "trustee management," but said that the "protocol" drawn up by Quackenbush was "preposterous." He quoted a letter he had written to Corporation Counsel in which he stated that the elimination of the traction situation was a matter of public safety.

Mayor Attacks "Traction Ring"

Throughout his communication, the Mayor attacked the Interborough officials as part of a "traction ring," and referred to Commissioner Whitney and the Public Service Commission as being under the thumb of the Interborough.

Although the Mayor corroborated in the main the testimony of Shonts, Quackenbush and Hearst, his statement brought forward many variations in facts connected with the motives for the negotiations, and the personal relations between the parties to the conference.

Mayor Hyman's statement follows:

"In the current daily press Attorney Quackenbush, of the Interborough and other companies, of which Theodore P. Shonts is president, is quoted as stating before the Public Service Commission that I had invited Mr. Shonts to visit me to discuss the question of increased fares on the New York Railways and the Interborough system."

Willing To Be Interviewed

"Never was there a more gross misstatement of fact. It was Mr. Shonts himself who, without any suggestion from me, invited himself to call at my office at the City Hall, requesting an interview."

"Because the City of New York has an interest of \$250,000,000, invested mainly in the roads of which Mr. Shonts is president, I accorded him the interview he sought. That meeting and all other meetings with him were held at my office in the City Hall publicly during the business hours of the office and always in the presence of witnesses."

"There was absolutely no occasion or desire for secrecy on my part, and my distrust of the representations of Mr. Shonts was a good thing for the public. No amount of newspaper camouflage on the part of the Interborough interests or their Public Service Commission agents is going to force the Mayor or other city officials to saddle an increased rate of fare on the New York public to enable the payment of dividends on an ocean of watered traction stock."

"I want to be perfectly fair with

Statement by Mayor and Testimony Of Shonts Differ in Many Details

Mayor Hyman's statement regarding the secret negotiations with President Shonts and James L. Quackenbush, the Interborough officials, differs absolutely, in many details, from the version told by the latter on the stand before the Public Service Commission. Here is the parallel:

Mayor Hyman Yesterday

"It was Mr. Shonts himself who, without any suggestion from me, invited himself to call at my office at the City Hall, requesting an interview."

"My distrust of the representations of Mr. Shonts was a good thing for the public."

"No amount of newspaper camouflage on the part of the Interborough interests or their Public Service Commission agents is going to force the Mayor or other city officials to saddle an increased rate of fare on the New York public."

"If the traction lines were in the hands of trustees, they would be operated to better advantage for the people than they are now by Shonts & Co., whose chief desire is to draw fat salaries and pay dividends."

"I don't propose to have any 'high finance' job of that sort put over on the public if I can stop it."

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The Interborough clamors for higher fares with clamorous unanimity, but there are other things to be considered than the financial interests represented by Mr. Shonts. He is working for the Interborough and I am working for the public."

"The tricky intent of the Interborough interests and their ally, the Public Service Commission, in discrediting any public officials who are not willing to accept unreservedly the dictates of the Interborough spokesman will discredit more than it will me. It only shows that the traction ring and its Public Service Commission are disappointed and irritated over its realization that the Interborough does not run New York any more."

Suggested Counter Proposition

"Some time ago the Interborough and other transit lines made an application for increased fares, which, after full consideration, was denied by the Board of Estimate and Apportionment."

"I am not unmindful of the fact that the war created unusual conditions, which have reduced the profits of the traction companies, but they must take the lean with the fat like every one else. The abnormal conditions created by the war are not going to last forever."

"I did, therefore, make a counter-suggestion to Mr. Shonts that some temporary relief plan might possibly be worked out of the best features of the Boston plan and the one suggested for Chicago, having in mind mainly the operation of the traction lines by trustees to be appointed by the Board of Estimate and the Mayor of the city, with a proper regard for the public interest."

Defends Trustee Operation

"I still believe that if the traction lines of this city were in the hands of trustees appointed by the Governor and the Mayor, with the watered stock in each company eliminated, they would be operated to better advantage for the people than they are now by Shonts & Co., whose chief desire is to draw fat salaries and pay dividends on watered stock, bonuses and commissions to their officials without regard to the rights of the traveling public."

"Whenever Mr. Shonts called at my office I was particularly careful to have an official of my office present as a witness. At no time did I talk to Mr. Shonts alone."

"To get the benefit of the experience of some one who had special knowledge of the traction situation, and who, at the same time, was in the control or under the influence of the local traction interests here, I called in Mr. G. F. Macfarland, of Boston, who had worked on the Boston public trusteeship plan and who was also familiar with the conditions as they existed in Chicago under a similar plan."

Arranged for Conference

"I arranged for a conference between Mr. Macfarland and Mr. Shonts to see if any part of the Boston trusteeship plan would be workable for New York."

"Later on, owing to the illness of Mr. Macfarland and after several telephone calls from Mr. Shonts, I asked Corporation Counsel Burr to take the matter up. The Corporation Counsel did take it up with the Interborough people, but after several conferences, he reported to me that the only thing the Interborough wanted was a one-sided scheme that would tie the city up in a knot for the exclusive benefit of the traction interests, without any public advantage whatever."

"The Corporation Counsel proposed a 'protocol,' or agreement, which he rejected. In fact, as Mr. Quackenbush testified at the Public Service Commission hearing, the Corporation Counsel finally, in December, prepared his views of this protocol, in which he practically wiped the earth with it and reported against it."

Quotes Letter to Burr

"My own complete concurrence with Mr. Burr's findings is summarized in my letter of December 13 to him, as follows:

"William P. Burr, Esq., Corporation Counsel, City of New York."

"Dear Sir: Your letter of December 4, with proposed agreement or plan for the operation by trustees of all the subway, elevated and surface railroads in the city, is received."

"The proposition of the Interborough is preposterous."

"All the Interborough seems to be wanting about is an increased fare. No plan will be given serious consideration that does not eliminate this watered stock of the different companies and also the payment of 10, 20

President Shonts Tuesday

"I received a message from my office that Mayor Hyman requested me to be at his office the next morning. . . . The Mayor took me into his office."

"I found his [Hyman's] way pleasant and genial. . . . The Mayor then made some complimentary remarks about myself."

"He [Hyman] said: 'This gentleman wants to help you get a 7-cent fare for your various lines, and I think under certain conditions he can succeed.' I told him that sounded very good."

"[The Mayor] remarked that if this change [trustee management] was made, it would not necessarily mean my elimination from the situation."

The Mayor, according to Mr. Shonts, said that the people would "stand for" a raise in fares if they believed the increase was going to the city, and not to private corporations.

and 21 per cent to some of those companies. If this is done, practically every company in the city will be making money and there will be no need of an increased fare."

"As early as a date as possible after your investigation I wish you would report to me which line is violating the conditions of its franchise, and what should be done to revoke the same. Very truly yours, "JOHN E. HYMAN."

Launched Attack on Whitney

"Evidently laying the foundation for another campaign along different lines for higher fares, the Interborough and its ever-ready advocate, Whitney, yesterday, 'but it is plain to all that it would be the sheerest folly for the city to assume the bonded indebtedness of any transit company method of misleading the public. Mr. Quackenbush testified in this matter that he reported daily to Mr. Whitney."

"The trusteeship experiment, or any other plan, could not have been tried until a law was changed and after a public hearing by the Board of Estimate and Apportionment."

"For reasons of its own, the Interborough Company is using every force to prevent the trusteeship plan, and at its command District Attorney Macfarland is justifying his attacks upon the city administration. The public, however, will not patiently tolerate much longer an official who has so miserably failed to perform the duty for which the public pays him."

Urges Criminal Prosecution

"Neither will the schemes of 'high finance,' resulting in the watered stock and overcapitalization of traction lines in this city, which defraud the traveling public, be tolerated much longer. District Attorney Macfarland has taken hold of this phase of the subject, and I am very glad of it. The abuses that both the traveling and the investing public have been subjected to at the hands of the traction companies have long cried out for action by the criminal authorities."

"When Commissioner Whitney returned last night from his trip to Albany, he was asked about a report that he had gone to the state capital to ask for a legislative investigation of the transit situation. He said he had gone on other business."

"Do you think there ought to be such an investigation?" he was asked.

Urges Sweeping Inquiry

"There should be, without doubt," he answered. "It should investigate the Public Service Commission, the city administration, the traction officials and the transportation situation generally. The Wall Street end should not be taken up, as that is not a matter for the present commission hearings."

"An investigation is desirable under conditions for the last six or eight months. I'm perfectly ready to have it, so far as it concerns the commission."

"We were kept in the dark about the hearings, throughout, and we were not told of anything about it," he said. "Now it is claimed that there was no desire to keep the commission uninformed."

"That he had drawn Mayor Hyman's attention to a plan whereby the transit lines might be controlled and owned by the public under the existing law, was stated by Commissioner Hearst."

Hervey Suggests Plan

"I sent a detailed statement of the plan to the Mayor several weeks ago, the commissioner said, 'but apart from receiving a brief acknowledgment from the Mayor, I have heard nothing from him. The only objection to the plan so far as I can see, is that raised by the companies, which find that the scheme provided for the reservation of all profits to the public.'"

Commissioner Hervey's plan provides for the valuation of all property in public use by each of the lines by the Public Service Commission, and, if such valuation is disputed, the reference of the matter to a board of arbitration to be designated by the Appellate Division of the Supreme Court."

Not To Call Mayor or Morgan

Whitney said he would not call Mayor Hyman or J. P. Morgan, the Interborough banker, to the hearings. The only possibility of their appearance is if they are put on the stand by the city or the Interborough to refute some of the testimony already taken in the rate case."

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Movie of a Man Who Has Been On for Eight Days : By BRIGGS

WALKS TO BUSINESS AS USUAL



RETRACES STEPS AND CROSSES OVER



APPROACHES THE

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An unprepared to discuss the so-called "protocol," said Commissioner Hervey yesterday, "but it is plain to all that it would be the sheerest folly for the city to assume the bonded indebtedness of any transit company method of misleading the public. Mr. Quackenbush testified in this matter that he reported daily to Mr. Whitney."

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